Napolitano wants to work on bioterrorism and the pandemic that we have with the flu, who has been selected by the President, is being held up; the Surgeon General is being held up; the Trade Representatives are being held up; 228 nominations are being held up for reasons like a Canadian bill, like a building in their State—petty reasons.

The American people must look at what is going on and say: What is this all about? It is about Republicans setting records last year on how many filibusters they would conduct. If I sound like a broken record, it is because Senate Republicans continue to be recordbreakers. Last year, after they held up the work of Congress more than any other time in history, the American people rejected the Republican status quo. They said no to Republicans' ''just say no'' strategy.

There is no question that the American people are taking notice, there is no question that they see these games for what they are, and there is no question they are fed up with these petty partisan tricks, and there is no question that these tactics have consequences—consequences that we don't have one of the most important jobs in America filled by one of the most important doctors in America, Regina Benjamin, and that we don't have somebody in the Department of Homeland Security to help with bioterrorism and with the flu pandemic.

These reckless tactics have consequences. The Republicans delay and delay at their own peril. But the truth is that all Americans suffer. It is time for them to allow these nominations to go through. And I haven't mentioned the judges.

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. The Republican leader is recognized.

HEALTH CARE WEEK XV, DAY IV

Mr. McCONNELL. Madam President, it was a signature assurance of the President's campaign: Middle-class Americans would see no new taxes of any kind under the new administration.

It is a pledge he will have to break if the health care bill, as currently moving through Congress, makes its way to the President's desk and he signs it. We already know that the bill slashes seniors' Medicare, and study after study shows it is going to drive up premiums for people who already have insurance. Higher taxes will be the third painful blow to Americans already struggling in a recession.

Here is a sample of the new taxes Americans are going to have to bear to finance more government health care. Anyone whose health care benefits are worth more than $8,000 or any family whose benefits are worth more than $21,000 will get a 40-percent excise tax. While backers like to call these ''high value'' or ''Cadillac'' plans, the new tax won't be indexed to keep pace with rising health care costs. So as time marches on, it won't just hit the so-called Cadillac plans but the ''Buick and the Chevy'' plans, too—all the way down to tricycles. Eventually, this tax will hit all plans.

Health insurers also get hit with a giant new nondeductible tax, which we know will get passed along to families in the form of higher premiums.

The bill would tax life-saving medical devices such as heart stents and prosthetics. Prescription drugs get taxed, which we know patients will have to pay for in the form of higher drug costs and premiums.

Tens of millions of American families who have experienced tax-saving benefits of Flexible Spending Accounts to pay for prescription drugs and other necessities will see those benefits wiped out under this plan. In an effort to redirect billions of dollars these families currently save through FSAs back to the government, FSAs would automatically be capped at $2,500 and then phased out over time. Anything families currently save by deducting more than that would go to the government instead.

People who choose not to buy government-approved health insurance will get clobbered with a penalty as high as $1,500.

Businesses would also get hit. According to the bill, any business with 50 or more employees that doesn't currently provide insurance to its employees will be forced to subsidize it at a significant cost per employee—all of which brings us back to the President's pledge.

Would health care reform hit the pocketbooks of all the people who earn less than a quarter million dollars a year or wouldn't it? That is the question. You bet it would. I have listed some of the ways middle-class Americans get hit under this plan. These are the ones we know about.

But don't take it from me. The testimony of the independent, nonpartisan Joint Committee on Taxation could not be clearer. It looked at the taxes in the Finance Committee bill and found that nearly 80 percent of the burden would fall on Americans earning less than $250,000 a year. Again, 80 percent of the burden would fall on those making less than $250,000 a year.

Taxes on insurers and manufacturers will be passed right along to consumers, and the average income for people who have Flexible Saving Accounts is $55,000—hardly the wealthiest segment of Americans.

Bottom line: If you have insurance, you get taxed. If you don't have insurance, you get taxed. If you are a struggling business owner who cannot afford insurance for your employees, you get taxed. If you use medical devices, you get taxed. If you buy over-the-counter medicine, you get taxed. In other words, Americans get taxed going and coming under the $1 trillion plan that is making its way through Congress.

No wonder most Americans oppose this plan—higher premiums, higher taxes, and cuts to Medicare. This is not the reform America bargained for. In fact, it is no reform at all. It is a bill of goods being forced on the middle class when they can least afford it.

Commonsense reforms and lower costs—that is what people want, and that is what they should get.

Madam President, I yield the floor.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for morning business, with Senators permitted to speak therein for up to 10 minutes each, with time equally divided and controlled between the leaders, or their designees, with the Republicans controlling the first hour and the majority controlling the second hour.

The Senator from Iowa is recognized.

HEALTH CARE REFORM

Mr. GRASSLEY. Madam President, I am going to continue on a point that the Senator from Kentucky made, and that is tax increases. I want to be a little more specific about how the health care reform bill is going to very dramatically increase taxes—particularly for groups of people with under $250,000 a year in income, which group President Obama has promised would never have their taxes increased.

On September 12, 2008, in Dover, NH, candidate Obama said:

> And I can make a firm pledge: No family making less than $250,000 will see their taxes increase—not your income taxes, not your payroll taxes, not your capital gains taxes, not any of your taxes.

You can see on the chart that quotation. It is very firm, very clear. Well, I believe we are at the point of abrogating that promise.

President Obama's pledge has also been repeated by the President and his advisers numerous times since candidate Obama has been in office. However, the health care reform bill reported out of the Senate Finance Committee is loaded with tax hikes on ''the middle class.''

President Obama, however, has defined the middle class as those making under $250,000. Candidate Obama stated that ''if you are making less than $250,000, then you are definitely somewhere in the middle class.''

President Obama's budget tracks this definition by preserving the current income tax rate structure for families under $250,000 and singles under $200,000. And the Democratic leadership budgets adopted President Obama's definition of the middle class.

President Obama and congressional Democrats have adopted this definition of the middle class in the context of health care reform.

As evidence, on August 3, 2009, President Obama's press secretary Robert Gibbs said:

Let me be precise. The President's clear commitment is not to raise taxes on those making less than $250,000 a year.

In his Portsmouth, NH, townhall meeting, the President—referring to ways in which to pay for health care reform—said this:

It should not burden people who make $250,000 a year or less.

The congressional Democratic leadership have made similar commitments. So the question is: When health care reform comes up, will it not increase taxes for people making under $250,000? Will the promises that the President made as a candidate be kept by the bills that may become law? I don't want to refer to this Senator's judgment of this. I want to use the words of the Joint Committee on Taxation and the Congressional Budget Office. These are people who are experts—nonpartisan—and nobody questions their judgment. They are intellectually honest. They are not Republicans or Democrats.

According to these official scorekeepers—Joint Tax and the Congressional Budget Office—the Finance Committee bill contains over $500 billion of taxes, increases, fees, and penalties on individuals and businesses.

The Joint Committee on Taxation testified that a significant percentage of these tax increases, fees, and penalties will be borne by the middle-class taxpayers—those making under $250,000.

Joint Tax also performed a distributional analysis of three tax provisions of the Senate Finance Committee bill for the year 2019—when these provisions are fully in effect. In other words, Joint Tax and the Congressional Budget Office look ahead 10 years. So we are talking about between now and 2019.

The three provisions that Joint Tax made distributional analyses of are: the advance refundable insurance premium tax credit; second, the high cost plans tax, also known around here as the Cadillac health insurance plans—and that is the tax connected with it; third, the medical expense deduction tax increase.

The Joint Committee on Taxation found that, on average, by 2019, singles making over $40,000 a year, and married couples making over $75,000 a year would have a net tax increase under the Finance Committee bill.

Again, if you are single and making over $40,000 a year, or married and making over $75,000 a year, your taxes are going up, on average, under the Finance Committee bill. We have two charts up here that make that very clear.

My colleagues on the other side of the aisle may say that the Finance Committee bill lowers people's taxes. Let's look at that. This may be a little bit true for some taxpayers. But for middle-class taxpayers, their taxes will go up. Further, Joint Tax—the official congressional tax scorekeeper—said so.

So if the President signs the Senate Finance Committee bill, or some of the financing measures in that bill, into law, the President would break that campaign pledge.

The President then would be raising taxes on families making $250,000 and singles making $200,000. Now that we have established that the Finance Committee bill raises taxes on the middle class, I would like to dig a bit deeper.

In looking to 2019, Joint Tax data leads to the conclusion that 77 percent of the burden of the tax increases in the Finance bill would be borne by middle-class taxpayers. In 2019, out of these taxpayers making under $200,000 who are affected by the three provisions mentioned above, 54 percent of them will see tax increases. In other words, 46 million middle-class families and individuals would pay higher taxes under the Finance Committee bill, contrary to what the President has said.

Joint Tax data also finds that middle-class families who file joint returns are very dramatically affected. Specifically, in 2019, over 64 percent of middle-class families filing joint tax returns would face a significant increase, and these families, obviously, make less than $250,000 a year.

Once again, I have charts that will show the different divisions of people falling into those income categories.

Another way to look at this is, there are four groups of middle-class taxpayers who are treated differently under the Finance Committee bill. The first is a group of 14.5 million who will receive refundable tax credits. These refundable credits represent government spending and not tax relief. That is the judgment of these official scorekeepers, not this Senator. In 2019, this government spending amounts to $77 billion alone.

In the second group, some of the 25 million will see some tax relief. However, a substantial number of those 25 million in this second group will not see any tax relief under the bill.

The third group, made up of 46 million middle-income taxpayers, will bear a large tax increase.

A fourth group of 83 million will have a tax increase from provisions in the bill that Joint Tax has not yet analyzed, so I cannot go into depth about that group.

For example, Joint Tax has not yet provided distribution analysis on the effect of the fees on health insurers that will be passed through and medical device manufacturers.

The ACTING PRESIDENT pro tempore. The Senator's time has expired.

Mr. GRASSLEY. I ask for 5 additional minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. GRASSLEY. Because we do not have that analysis, we do not know how many of those 83 million will face tax increases. For instance, many of those 83 million buy health insurance themselves or their employers buy it for them, and they will bear the burden of the new insurance fees in the form of higher insurance premiums.

During the Finance Committee debate, some Senators of the majority party described the Finance Committee bill as providing a net tax cut. Let's look at what is a net tax cut because the official scorers would not determine that is what it is.

To understand whether these claims are accurate, one has to figure out what is meant by the words ''tax reduction.''

The premium tax credit under the bill is refundable. That means tax return filers receive the tax credit, even if they have no income tax liability. If a tax filer has no income tax liability, how can their taxes go down? Joint Tax does not describe that as a tax reduction. Instead, Joint Tax says these filers receive a Federal benefit.

Joint Tax also tells us that 73 percent of the $453 billion in the refundable tax credits for health insurance is, in fact, pure and simple, government spending. That leaves just 27 percent—or $122 billion—that might legitimately be called a tax reduction, and we see it on the chart.

Meanwhile, as mentioned above, there are over $500 billion in tax increases—$½ trillion is another way of saying it. Even if we add in the meager small business tax credit of $23 billion, which is the only other tax benefit in the bill, this bill contains a net tax increase of over $350 billion.

Because the refundable insurance premium credit is called a tax credit, Democrats have argued the entire $453 billion is a tax credit. However, Joint Tax and the Congressional Budget Office scores 330 billion of that $453 billion as pure and simple government spending.

Colleagues on the other side of the aisle argue that such government spending is actually a tax cut. However, Joint Tax scores this as government spending, not tax cuts.

An outlay results when the tax credit is larger than an individual's income tax liability, if any. That individual simply receives a check from the Internal Revenue Service. Sending a check to an individual who pays no income tax cannot credibly be called a tax cut. Some colleagues argue that the refundable tax credit offsets payroll taxes. However, payroll taxes are meant to be paid so individuals can receive benefits from Social Security and Medicare later in life.

Even if you agree that individuals should not have to pay payroll taxes but should also receive Social Security and Medicare benefits, that rationale cannot be used over and over. It should only be used once.

We already have a number of generous refundable tax credits. The child tax credit, the earned-income tax credit, and the making work pay credit are all refundable tax credits.

The insurance premium credit in the Finance bill is added to that list. Therefore, this same payroll tax cut rationale has been used four times to claim that this government spending is actually a tax cut. Joint Tax scores these outlays as government spending, not as a tax cut. That is not this Senator saying that; it is the professionals in Joint Tax who say it is government spending, not a tax cut.

The interesting thing about the refundable tax credit for health insurance is, it does not go to the individual or family. Instead, this Federal tax benefit goes from the government directly to the insurance company providing health care coverage. That is a check from the Federal Government made out to your insurance company dated, signed, sealed, and delivered directly to that insurance company.

I remember hearing President Obama criticize sending money directly to insurance companies. On October 4, before his election, in Newport News, VA, then-Candidate Obama criticized Senator MCCAIN's health credit for health insurance by saying these words:

> But the new tax credit he is proposing? That wouldn't go to you. It would go directly to your insurance company—not your bank account.

That is what the President said in that quote. If Candidate Obama was against it then, how is President Obama for it now? But that is what is in this legislation.

The ACTING PRESIDENT pro tempore. The Senator from Georgia.

Mr. CHAMBLISS. Madam President, as we begin to slowly emerge from the economic pitfalls of the worst recession this country has seen in decades, the long-term issues that remain are real and affect Americans of all walks of life.

Out-of-control government spending has resulted in a skyrocketing deficit, fueling fears of an unsustainable financial future for America. A stifled free market drags down our economic growth and impairs our ability to work toward reducing this enormous burden on our children's and grandchildren's future.

In spite of this volatile forecast, there are some who feel that the best way to reinvigorate our economy is to impose heavier costs, higher fees, and greater taxes on businesses and individuals, while forcing the Federal Government to oversee and manage health care in the United States, ultimately adding an additional one-sixth of our economy to the government's balance sheet.

Make no mistake, this financial instability is not disconnected from Americans' everyday lives. It is being felt at bill-paying time, discussed at dinner tables, and it is weighing on the minds of the very people who drive this country's economy.

The other side would have you believe that greater government control, increased spending, and less money in Americans' pockets is the way toward economic stability and growth.

Since there has been no legislative language circulated on the proposed government takeover of health care at this point, we can only consider the conceptual language as passed by the Senate Finance Committee.

Here is 1,502 pages of conceptual language that has come out of the Finance Committee and is being proposed as meaningful health care reform.

This phantom health care proposal imposes $½ trillion in new taxes, fees, and penalties on individuals and businesses. While some would have you believe these taxes will only be borne by the wealthy in the form of a 40-percent excise tax on high-value insurance plans, both the Congressional Budget Office and the Joint Committee on Taxation—as alluded to by the ranking member on the Finance Committee, the Senator from Iowa—have testified that these taxes will almost entirely be passed on to the consumer, irrespective of their tax bracket.

Under the tax provisions of this health care proposal, in my home State of Georgia, a young, healthy individual under certain health plans would see his monthly premiums almost double.

Additionally, $92 billion of this new burden will be in the form of new fees on manufacturers and importers of branded drugs and certain medical devices, as well as on health insurance providers. Again, all this is going to be passed on to consumers, resulting in higher health insurance premiums and higher costs for health-related products.

While a majority of the health reforms in the Finance Committee bill do not go into effect until 2013, such as the tax credit for health insurance and the individual mandate, both of which are designed to lower health care costs, these so-called fees are effective on January 1 of next year. This means health insurance, in general, will become more expensive before any government assistance or policies intended to make health insurance more affordable even take effect.

Also included in the Senate finance proposal is a tax on individuals without essential health benefits coverage, which would subject individuals who fail to maintain government-approved health insurance coverage to a penalty of $750 per adult in the household.

While Democrats complain this contains savings for low- to middle-income families, CBO has stated that almost half those families paying this tax would be between 100 percent and 300 percent of the Federal poverty level—or a family of four earning between $22,800 and $68,400 in 2013. Additionally, proponents of this bill say it reduces the deficit while providing relief from high health care costs from lower income families. However, what they do not tell you is, under their refundable tax credits, families who earn nearly four times the Federal poverty level will have almost 91 percent of their health care costs paid for by other taxpayers.

The CBO—the Congressional Budget Office, the independent Congressional Budget Office—estimates that by 2019, out of 253 million Americans with health insurance, only 18 million will be eligible for these tax credits to purchase insurance. So this supposed health care cost-reducing tax credit at the heart of the Democrats' health care reform is only available to 7 percent of the population.

Increasing taxes on 91 percent of Americans to pay for 7 percent of the population is not reform, it is business as usual. While I am in favor of tax credits to purchase health insurance, I do not support placing limitations on who can receive such credits or what type of coverage they can purchase.

Madam President, as if increasing the size of government even more in the health care sphere isn't going to make matters worse, who do you think is going to administer, implement, and enforce these tax increases? None other than the Internal Revenue Service. With a new influx of complex health care policies being legislated through the Tax Code, the IRS would be tasked with overseeing all aspects of the millions of taxpayers now burdened with even more filings to the IRS.

Additionally, the IRS would likely be entrusted with enforcing these new provisions as well as protecting against fraud in certain cases. These new responsibilities of the Internal Revenue Service would mean only one thing: a bigger and more intrusive IRS.

As I continue to say, I am in support of reforming the health care system in this country because we do have problems. We need greater transparency in health care costs, increased competition, more individual portability for peace of mind for those who change jobs, a better focus on prevention and wellness and real reform of the health insurance industry. Republican-backed plans do exactly that. There are ways to lower health care costs and be more fiscally responsible, and there are opportunities to pay for this coverage without expanding entitlements and increasing taxes on middle-class Americans.

Americans deserve a patient-centered approach to health care reform. The 1,502 pages being discussed this morning as we speak—behind closed doors, by the majority leader and other Democrats—puts politicians and bureaucrats in charge of the health care industry in this country, and that is not what the American people want or deserve.

Madam President, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Idaho.

Mr. CRAPO. Madam President, I also rise to speak about the health care legislation the Senate is preparing to consider on the Senate floor. I will begin my remarks, as my colleague from Georgia has done, by referring to the bill which the Finance Committee has put out. This is it. It is 1,502 pages which, interestingly, we did not have before us when we considered it in the Finance Committee.

I think most people in the country realize right now that as the Finance Committee proceeded through 2 full weeks of markup on this legislation, the legislation had not actually been written. Even though the very first amendment, which we brought, was an amendment to say that before we would be forced to vote on a bill, we should see the bill for 72 hours and have the CBO, the Congressional Budget Office, score on the bill for 72 hours so that we and the American public could understand what was in it, that was not allowed. We cast our final votes in the Finance Committee on the Finance Committee's bill—well, the Finance Committee's concept paper. This bill didn't yet exist. We did have an idea about what concepts were intended to be in it, but the bill itself didn't exist.

The reason I bring that up right now is because this is actually not going to be the bill we consider on the Senate floor. As soon as the Senate Finance Committee finished with this bill, the majority leader and the chairmen of a couple of the relevant committees—I presume with some personnel from the White House—got together behind closed doors in the Capitol Building and began drafting a new bill to merge this bill with a previous bill that had come out of the HELP Committee bill in the Senate. That new bill has now been sent to CBO for a score, but we don't know what is in it either.

In fact, we are told it is concepts and options that are being submitted to CBO. I am not even sure if that new bill has yet been written, but I do know no one, except those who have submitted it to CBO, know what is in it.

Well, we have a good idea of what is in the health care bill the Senate Finance Committee put out, and I expect a lot of what was in this Senate Finance Committee bill will make it into this new bill that someday maybe the American public and the rest of the Members of this Chamber will be able to see. As we approach the health care issue, I think it is important for us to understand exactly what it is we are expected to do by the American people and what it is we are doing with the health care legislation.

Most Americans want health care reform. But when they say that, the vast majority of them mean they want Congress to take swift and decisive action to bring under control the spiraling costs of health care and the spiraling costs of health care insurance. As a part of that, they want to see increased access for those who are uninsured, whose burden of coverage and health care falls on the taxpayers. That is the core focus, the purpose behind the drive in America for health care reform.

Well, what does the legislation we passed out of the Finance Committee do? With regard to the cost of insurance, it will not cause the cost of insurance to go down. It will, in fact, drive up the cost of insurance at even faster rates of growth than would have occurred without the legislation. What does it do for coverage of those who are uninsured? It establishes an extremely expensive new government program that would provide tax credits—or what are called renewable tax credits—for those at certain income levels to provide the ability for them to obtain coverage. But of the 47 million who are uninsured in the United States today, the bill still leaves approximately 25 million of them uninsured.

What it does put into place for these two outcomes on the major reasons for reform—increased cost of insurance and only about 50 percent reduction of the uninsured—is a massive new amount of Federal control over the health care industry, a massive new entitlement program that will cost, according to CBO, approximately $829 billion of new spending, and then offsets that try to address the growing costs of the Federal Government that it represents by about $404 billion worth of cuts in Medicare and $506-or-so billion of new taxes, fees, and penalties.

Remember the discussion I started with about the fact that the American people wanted to see the cost curve on health care bend down? We will hear it said that this bill bends down the cost curve. Well, it doesn't bend down the health care cost curve, and it doesn't bend down the health care insurance cost curve. All it does is try to address the impact of the phenomenal amount of new spending—$829 billion—by raising taxes and cutting Medicare in amounts that are greater than the amount of the cost in the bill.

Well, what kind of impact will these increases in taxes have? First and foremost, I want to return to what my colleague, Senator GRASSLEY, recently pointed out. In the discussion of this issue, President Obama made it clear as a candidate, and he has repeatedly made it clear as President, that he will not sign legislation that imposes a tax increase on people making less than $250,000 in the United States. These are his remarks on September 12 during the campaign in New Hampshire, which, again, he has repeated consistently:

> And I can make a firm pledge: No family making less than $250,000 will see their taxes increase—not your income taxes, not your payroll taxes, not your capital gains taxes, not any of your taxes.

Well, what does this bill do? This bill squarely increases the taxes on the middle class in the United States. The full tax burden of this bill, including all of the taxes and fees and penalties that are included in it, is over $½ trillion. Experts have now told us that the majority, in fact the significant majority of those taxes and those increased fees and penalties, will fall on the backs of those who make less than $250,000. We don't have the data yet, but, in fact, the impact on people who make less than $120,000 will be a huge portion of these new taxes and fees. Yet how can that be allowed to happen with the President making this pledge?

I think the American people need to pay attention. In essence, what we have represented is a huge increase in spending in the Federal Treasury—$829 billion under the Finance Committee plan. It is expected to be closer to $900 billion under the plan that was devised recently and submitted to CBO. Nonetheless, it is a massive increase in Federal spending, matched by equally massive cuts and tax increases—cuts in Medicare and tax increases—to make it appear that the impact on the deficit is marginal. But don't be fooled. When those who support this approach defend it, they will tell us it bends the cost curve. The cost curve they are talking about is the cost to the Federal Government. They are not telling us the cost of the Federal Government—the expenditures of the Federal Government—will be going down. What they are telling us is the expenditures will not be going up faster than the taxes and the cuts in Medicare are going up.

It is important for the American public to recognize that this legislation represents yet again one huge step of the Federal Government into management and control of the health care economy, and that huge new step of the Federal Government into management of the economy will be financed squarely on the backs of the middle class with a huge tax increase. That is not what America was asking for.

So to summarize, Madam President, what do we have? We have a proposal that will not bend the cost curve; it will, in fact, cause the cost curve on which everyone in America is focusing—the cost of health care and the cost of insurance—to go up. It will not achieve universal coverage for those who do not have access to insurance today, but it will put the Federal Government much more in charge and control of our health care economy and will grow the Federal Government by nearly $1 trillion of new spending at the expense of $½ trillion of tax increases and $400 billion of Medicare cuts.

That is not the kind of health care reform our Nation needs. It is not the kind of health care reform the American people have asked for. We should change the debate, and we should begin focusing on those kinds of common ground areas that we know how to identify where we can bend the cost curve—the true cost curve—down, where we can do so without raising taxes on the American people, and we can do so without devastating the Medicare programs of our country.

With that, Madam President, I yield the floor.

The PRESIDING OFFICER (Mr. KIRK). The Senator from Kansas is recognized.

Mr. ROBERTS. Mr. President, I understand I am allowed 10 minutes of this morning business period; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERTS. Mr. President, I rise today to share my concerns about the tax increases called for in the health care reform bill that is now being finalized behind closed doors. I want to make sure the American people truly understand what these tax increases will mean for them and their families. This bill calls for an incredible and shocking $500 billion in taxes, in massive new taxes, taxes that will fall on average Americans who already know their tax burden is too high.

We hear a lot about the efforts behind the closed doors to merge three different bills and all the costs and all the efforts to get more voters onboard. But we do not really hear much about the tax increases. They really should make the taxpayer sit up and take notice.

The behind-the-doors crowd has tried to disguise some of the new taxes in this bill by presenting them as being paid for by targeted health care industries. However, the reality is that average Americans who purchase health insurance and use medical services, from prescription drugs to hearing aids, are the ones who will foot the bill for this tax-and-spending spree. The higher taxes called for in this bill come straight out of Americans' pocketbooks. American taxpayers, Americans, have the right to know, they have the right to be informed, they have the right to understand, and they have the right to be heard—not only on the spending, not only on the health care reform bill, but in regard to the taxes they will pay.

Let me give just a few examples of the new taxes called for and who will actually pay them.

The bill imposes a 40-percent excise tax on health insurance providers that offer high-cost health insurance plans. This provision is the largest tax hike in the bill. It raises $201 billion. Of this amount, an analysis by the Joint Committee on Taxation, or the JCT, finds that more than 80 percent or $164 billion of the tax will come from increased income and payroll taxes on higher wages. When the bill is implemented, however, the excise tax is likely to hit 40 percent of American families, so the reality is that these families, not the insurance providers, will be on the hook for the $164 billion.

The bill raises taxes on those who pay for their health care out of pocket by raising the floor for deducting catastrophic medical expenses from 7.5 percent to 10 percent of adjusted gross income. Those who take this deduction are most often seniors and those with serious medical issues. Eighty-seven percent of taxpayers who claim this deduction have income under $100,000.

While an amendment to exempt taxpayers 65 or older from the higher threshold was approved in committee, thank goodness, don't be fooled: the exemption is only in effect in the first 3 years. As a result, in the following years roughly 50 percent of the taxpayers affected by this proposal will be over the age of 65. This makes no sense.

The bill raises taxes on the more than 35 million Americans who participate in flexible spending accounts. The median income of a flexible spending account participant is $55,000. This program is a very important benefit for many families for whom health insurance does not cover, or does not sufficiently cover, some of the highest cost health care expenses, such as dental, vision, and also prescription drug costs. It is also important for individuals who manage chronic diseases such as diabetes, heart disease, or cancer. FSAs allows participants to set aside money out of their own pockets to pay for these necessary expenses. However, under this bill the government caps how much can be set aside in a flexible spending account, a person's own account, effectively raising the tax burden on certain FSA participants and increasing their health care costs—typical of a disguised tax in this bill.

Another tax attack: It also eliminates the ability of individuals to use money from their accounts, the FSA accounts, to purchase over-the-counter medications. Here we are, trying to put downward pressure on health care costs. Rather than maintaining current law that gives consumers the option to purchase over-the-counter medications through a flexible spending account that they have chosen to put money into, the bill instead directs them to more costly alternatives and increased use of the health care system and limits the consumers' ability to fully use their own accounts.

Another example of the stealth taxes called for in this bill is the individual mandate penalty. Although the President has said this penalty is not a tax, the Finance Committee bill adds this provision under a section called the "Excise Tax on Individuals Without Essential Health Benefits Coverage." The government expects to collect $4 billion from this tax.

In 2013, almost half of those Americans who will be paying the penalty tax will have incomes between $22,800 and $68,400 for a family of four. This penalty essentially means the IRS will now tax you if you do not buy a health care plan approved by the government. Let me repeat that. This penalty essentially means the IRS will now tax you if you don't buy a health care plan approved by the government.

Not only that, this bill also expands the reach of the IRS even further into the lives of ordinary Americans, allowing them to collect more information than ever before about you and your health care choices in order to tax you based on these choices. This provision highlights one of the most disturbing aspects of this bill: the increased role the IRS will play in the lives and health care choices of every American.

Under this bill, the IRS will gain unprecedented new powers. But here is the clincher. There is no money in this bill to pay for the expansion of the IRS that will have to occur for the IRS to administer and enforce these new tax provisions—emphasis on "enforce." How much will that cost? How many billions will be needed to pay for this growth in government? How many more employees will the IRS have to hire? We don't know. But make no mistake, every American should understand that the IRS will be playing a bigger role in their life and their health care decisions.

Question, for all those who braved the townhall meetings. Everyone who wants more IRS involvement in their lives, raise your hands. I don't think in these townhall meetings you will hear many hands clapping. Under this bill, not only will Americans see massive new taxes, they will also see an unprecedented expansion of the Internal Revenue Service and a further reach by government into their lives.

This is the wrong solution to health care reform. Americans are looking for real reform that preserves their health care choices. But reform that comes with a $500 billion tax increase and is supervised, if not more, by the Internal Revenue Service is simply not the answer.

Mr. President, I yield the remainder of my time.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant bill clerk proceeded to call the roll.

Mr. HATCH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATCH. Mr. President, this health care debate is one of the most important debates we have ever had in this country. We are talking about one-sixth of the American economy. We better get it right because if we do not, this economy will never be able to recover. If we go down the wrong path and we spend too much time building the government at the expense of the individuals in this country, we will never be able to change it. So this is a very important time, and I am calling upon all my colleagues in both the Senate and the House to try to work together so we can come up with a program, a system that literally will work.

We can build upon things we already agree upon. Things such as preexisting conditions should be covered, automatically covered. That is a very difficult issue; it is not something you can just say glibly. The fact is, we have to resolve this problem so people will not just wait until they get sick to buy insurance because they have a right to do so under any new policy we are coming up with. But they should be able to get into the insurance market now.

Having said that, there are many on the other side who would like to have what they call a public plan or what I call a government plan. The problem with the government plan is that the central force would be right here in Washington, filled with bureaucracy, filled with expenses, filled with all of the clogs that occur in Washington, DC. And we will not be solving the individual problems of the various States, each of which has its own demographics. I have often pointed out that Utah's demographics are not the same as New York's or California's or those of Massachusetts. But neither are New York's the same as those of Massachusetts or California. Each State has its own demographic problems.

Utah is considered one of the top three States in the delivery of health care. There is a good reason for that; that is, we thought it through and we basically bring health care closer to the people. We already have an exchange in Utah which is working to a large degree. It is just starting, but the fact is, it has been embraced and accepted by people. We would bitterly resent a one-size-fits-all Federal Government program to resolve all problems.

This business of making sure preexisting conditions are covered is fraught with all kinds of difficulties if we do not do this right. There are all kinds of expenses if we fail to observe the past and, I might add, all kinds of bureaucratic problems if we do not work together to get this problem solved.

On the other hand, are we going to go to a system where government tells people they have to buy insurance, whether it be a public plan or otherwise? I am not sure constitutionally that the government has that kind of power. If the government has that kind of power, to tell people they have to have insurance even if they don't want it—and that includes the public plan insurance—then what limitations are there on government? What happens to all the freedoms we all take for granted? What happens to the liberties we have embedded in the Constitution?

These are important issues. They are not issues you just brush aside because one side or the other wants to have the Federal Government take over all control of our health care system.

I might add, I think most of us agree there should be transparency in the system. If we had transparency over all of the hospitals, all of the physicians, and we could tell which ones are great, which ones aren't, we could make our own decisions as to where to go for particular types of care, especially very serious care. I think most of us would like to provide a system where our constituents could do that.

What about medical liability reform? As a former medical liability defense lawyer, I defended doctors, hospitals, nurses, and health care providers who needed defending, many of whom did not commit negligence but were finding themselves suddenly in court in front of juries that may be empathetic to somebody who did not have a good result even though there was no negligence involved. I estimated 25 years ago that, in unnecessary defensive medicine, we are probably wasting upwards of $300 billion a year.

That sounds very high. But I am finding more and more people are starting to come to the conclusion that we waste an awful lot of money on what is unnecessary defensive medicine. We all want defensive medicine because we all want the doctors to do what they should do. Our advice to the doctors back in those days happened to be, if somebody comes to you with a common disease or injury, you cannot afford to just give them—tell them to just do the minimum. You better have every test and every procedure you possibly can in your history, so if you ever do get sued, you will be able to say you went way beyond the standard of practice in the community and did everything you possibly could to try to help this person with their problems and that you should not have liability because of that.

Well, I have to say we can go on and on. It was interesting to me, when I first asked Dr. Elmendorf, who heads our CBO, the Congressional Budget Office, what does unnecessary defensive medicine cost us, Dr. Elmendorf came up with an extremely low figure over 10 years. I think it was something like $10 billion.

I chatted with him and I said: That cannot be so. I explained to him what my experience was and the experience of almost anybody who has any experience in this field, and he went back. He said: Well, I am going to go back and review it. He did go back and review it and came up with a figure of $54 billion over 10 years, just for Federal Government unnecessary defensive medicine. So it is much more than that if you add in everything else and extrapolate it all out.

We should be able to save some of these dollars. That also would help us to be able to pay for real health care that needs to be done.

We know the health care reform bill has been basically written in the office of the majority leader. While we do not know what this bill will look like, because it apparently has been written in the secrecy of the majority leader's office, and by very few people, by the way—and the same over in the House—every indication is, it will be similar to the bill reported out by the Finance Committee earlier this month.

That bill, which would drastically change the very fabric of an industry that affects every American in the most personal way and represents one-sixth of our economy, contains roughly $409 billion in new taxes that are going to be passed on to the average taxpayer. Many Utahns are asking me who is going to have to pay these new taxes? Unfortunately, I have to tell them that it will not just be the wealthiest among us, but middle and even lower income American families as well.

Perhaps the most solid promise that President Obama made during his campaign was that ''no [one] making less than $250,000 a year will see any form of tax increase!'' He further pledged that the 98 percent of Americans earning less than this amount would not see any tax increase on income and savings. Let me repeat that: The President promised that 98 percent of Americans earning less than $250,000 would not see any tax increase on income and savings.

The majority leader is preparing a partisan proposal to which he hopes to attract at least a modicum of Republican support. Thus far, however, he has no takers from my side of the aisle, and support from some on his side appears to be waning. Perhaps a major reason for this is that everyone knows the bill would break the President's promises not to raise taxes on average Americans. That is not the only thing it would do.

The Finance Committee product offers a cornucopia of revenue raisers that would fund health care reform. Some of these provisions include direct taxes on lower and middle income wage earners, while others would hit average families indirectly through penalties, fees, and higher costs.

If your employer offers you a higher cost insurance plan, your taxes will likely rise under this plan. If you have a flexible spending account or a health savings account, your taxes will likely rise. If you or your family use a medical device costing more than $100, such as a hearing aid or an insulator, or if you purchase prescription drugs, the cost of those items will likely rise.

And ironically, in a bill that is designed to lower the costs of health care, the cost of health insurance itself is likely to rise under this plan. And if you do not have insurance, the cost of not having health insurance will rise because the bill will impose a tax if you do not get insurance.

My friends on the other side of the aisle will probably paint this rise in penalties, fees, and higher costs as Republican hocus-pocus. But do not take it from me or my colleagues; take it from the nonpartisan Congressional Budget Office and the Joint Committee on Taxation.

Looking first at the direct taxes on the middle class, the Democrats' bill declares war on savings accounts for health care. For example, the bill would limit the amount that employees can set aside of their own money into flexible spending accounts. In addition, over-the-counter medicine would no longer be qualified expenses for FSAs and health savings accounts, unless you have a doctor's note. Lastly, the proposal includes an increase from 10 percent to 20 percent for the penalty for withdrawals that are not used for qualified medical expenses. All together, this means that employees could be facing a 55-percent Federal tax on a bottle of aspirin. I thought we were trying to make health care more affordable, not more expensive.

This year, 35 million employees participate in employer-sponsored, employee-funded flexible spending accounts. These accounts provide relief for the ever-increasing amount of health care that families must pay out of their own pockets. How does cutting back on FSA accounts lower the costs of health care? These accounts are not just provided to the wealthy. On the contrary, the average income for flexible spending account participants is just $55,000 per year.

Another clear increase on taxes for middle income families is the raising of the threshold for the itemized medical expense deduction from 7.5 percent of adjusted gross income to 10 percent. This tax deduction is already means-tested so that it only kicks in when medical expenses are catastrophic or nearly so. This is not a tax benefit for the wealthy. The Joint Committee on Taxation estimates that in 2013, approximately 11.5 million taxpayers would be affected by this proposal. Of that number, about half have incomes less than $75,000.

Perhaps even worse are the indirect tax increases in the bill. One of the most troubling ones to me is an unprecedented fee levied on entire segments of the health care industry, including pharmaceuticals, medical devices, and health insurance. While these fees would be paid by corporations, they will ultimately be passed on to consumers in the form of higher prices or on to employees in the form of lower pay, or even layoffs. Under this plan, the cost of everything from contact lenses to hearing aids to thermometers would rise for consumers, creating one more unfair burden on middle income families seeking affordable health care.

And if you decide to either not have health insurance or if you need a more expensive plan than is allowed, the Democratic plan would raise taxes on you, even if you do not make anywhere near $250,000 per year. This is part of the so-called individual mandate, which requires individuals to obtain health care coverage or pay an extra tax. The amount of tax could reach as much as $750 per uninsured adult. Some may say this is simply a penalty for not doing what Uncle Sam wants you to do, but let us face it, it is nothing more than a new tax.

There are at least two provisions in the Finance Committee bill that raise serious constitutional questions. First, is the transition relief for the high-cost insurance plans that is granted to 17 yet-to-be determined States. This means that a different tax rate will apply depending on where you live. Second, is the individual mandate itself. The constitutionality of the mandate, as pointed out by the Congressional Research Service, has never been addressed. We are treading into new waters. Are we just going to simply ignore these serious constitutional questions?

Again, President Obama promised from the beginning that he would not raise taxes on the 98 percent of Americans who make less than $250,000. Unfortunately, the Democratic proposal we will soon be debating would break that promise. We are all for real health care reform, everybody, Republicans, Democrats and Independents, but not all of us are willing to pass it on the backs of middle-income taxpayers. At a time when we have trillion-dollar-plus deficits and an unemployment rate nearing double digits, this would be a colossal mistake.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The minority's time has expired.

Mr. HATCH. I yield the floor.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

(The remarks of Mr. UDALL of Colorado pertaining to the introduction of S. 2052 are printed in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The PRESIDING OFFICER. The Senator from Maryland.

HEALTH CARE REFORM

Mr. CARDIN. Mr. President, soon we will have an historic opportunity to take up the most significant change in our health care system in many decades, a bill that will help Americans deal with their health care needs, that will reform our health care system so we have affordable, quality health care for all Americans. This bill will help middle-income families who currently have health insurance. Because we are going to build on the current system, protect those who have good health care coverage so they are able to keep that coverage in the future, we base it on building on what is right in our health care system and correcting the problems that currently exist.

For a family who has health insurance today, they are paying a large amount of money for those who don't have health insurance. The number of people without health insurance has grown dramatically, to over 46 million Americans. The cost to a family who has health insurance for those who don't have health insurance is $1,100 a year. That is a hidden tax on middle-income families today. Health insurance reform will help correct that inequity to help middle-income families. It will also reform the practices of health insurance companies dealing with preexisting conditions and caps put on the amount of coverage and with making sure that prevention is available without copayments and deductibles. All that will help middle-income families today who have health insurance.

But the critical factor, why this is so important for middle-income families today, is because of the escalating cost of health care. Health care is growing three times greater than wages. That means for the typical family, every year they are falling further and further behind on their standard of living, because more and more of their income needs to be devoted toward health care costs. Whether your employee pays it or you pay it or a combination of both, it comes out of your compensation package. For many families, they are actually receiving less income every year because so much more is devoted toward health care costs.

In Maryland, 10 years ago the cost for a family was about $6,000 for health insurance. Today that is $12,000. By the year 2017, it is projected to be $23,000. We are spending in America today $7,400 per person for health care, $2.4 trillion. Health reform will help middle-income families because we are going to bring down the cost of health care.

First, we invest in wellness. We know that if people take care of their own health care needs, if they deal with their diabetes, high blood pressure, high cholesterol, with keeping themselves healthy through exercise, if they don't smoke, all of that will bring down the cost of health care. The health care reform that we will be taking up invests in wellness programs, gives incentives for wellness programs to bring down the cost. What we also do is invest in health information technology. The amount of money we waste every year because of the administrative inefficiencies of the system is staggering. Also we have unnecessary tests that are given in the emergency room because they don't have medical records. We have the technology. Let's use it. We can use technology to keep people healthy by sharing information so that your health care provider knows what medicines you are taking. And managing care, we can save money by managing diseases much more effectively than we do. For all those reasons, health care reform will help control the escalating costs, and that will help middle-income families. It will also help small businesses.

Small businesses need more competition among health care insurance companies. Today, if you are a small business owner, there are very few options available as to who you can choose as your health insurance company. As a result, you are subjected to unpredictable annual adjustments in your premiums. We already know that health insurance is too expensive. We already know that it increases every year by too high a percentage rate. But for a small business owner, it is worse than that. They can be subjected to a 20, 30, 40-percent increase in any given year because they are not in the large pools that larger companies are. Health insurance reform helps small businesses by providing larger pools that small businesses can get into, more competition. The State exchanges provide information that is critically important for small businesses to get a competitive product, to get the product they want. It makes it more affordable.

Let me give one example. We all have received letters. I have received lots of letters from my constituents. I want to read one I received. It comes from